GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:7209
ANSWERED ON:14.05.2002
COLLABORATION OF INDIAN COMPANIES IN CONSTRUCTION OF CHEMICAL FERTILIZER PLANTS ABROAD
JAGMEET SINGH BRAR

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Indian companies are collaborating in the construction of Chemical Fertilizer plants abroad;

(b) if so, the details thereof;

(c) the difference between the cost of production of one tonne of urea and nitrogenous fertilizers produced abroad and in the country;

(d) whether the cost of production of chemical fertilizer has been increasing in the country;

(e) if so, the reasons therefor; and

(f) the steps taken to bring down the cost of production of chemical fertilizers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) : Yes, Sir.

(b) : The details of joint ventures which are under construction or at preliminary stages aboard, in collaboration of Indian companies, in the field of chemical fertilizer are as under:

Sl. No.	Name of the company/ project and country	Indian company/ sponsors	Capacity in lakh MT per annum	Status
1.	SPIC Fertilizers and Chemicals FZE, UAE	SPIC	4.00 Urea	The plant is under construction and is expected to come on stream in the year 2004.
2.	Oman India Fertilizer Company, Oman	IFFCO/ KRIBHCO	16.52 Urea 2.48 Merchant ammonia	Major agreements have been initialled and the financial close is likely to be achieved by the end of May, 2002. The project is targeted to be completed within 35 months of financial close.
3.	Indo-Iran Joint venture project, Iran	IFFCO/ KRIBHCO	7.26 Urea	MOU has been signed. The project is at a very preliminary stage of

consideration and has so
far not been posed to the
Government for investment
approval.

(c) to (f) The production cost of urea in the country varies from unit to unit depending upon the technology, feedstock used, vintage of the plant, distance from source of raw materials etc. The production cost of urea in the country is higher than the international price, which is primarily on account of higher cost of feedstock/raw materials in India. Efforts are under way to import Liquefied NaturalGas (LNG) for manufacture of urea, which is likely to be cheaper than naphtha.However, the cost of indigenous urea may still be higher, due to high transport cost of LNG. Installation of energy saving measures such as purge gas recovery unit etc. promoting technological improvements for improving energy efficiency in urea units and tightening of consumption norms are some of the measures taken by the units/Government towards reducing the cost of production of urea in the country.